

Idaho Legislative Audits
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Idaho Bean Commission

Management Report on Internal Control

Issued: December 9, 2005
Fiscal Year: 2004 and 2005



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

IDAHO BEAN COMMISSION

PURPOSE AND SCOPE. We have audited the financial statements of the Idaho Bean Commission for the fiscal years ended June 30, 2004 and 2005, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the Commission's financial statements are materially accurate and reliable, and that the Commission complied with laws and regulations affecting fiscal operations.

CONCLUSION. We conclude that the Commission's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the Commission's financial statements.

FINDINGS AND RECOMMENDATIONS. This report includes one finding and recommendation, which is summarized below.

FINDING #1. Some of the Commission's accounting and internal controls are inadequate. The Commission has five separate bank accounts. Two of these are simply membership accounts with minimal deposits. The other three accounts include a general operations checking account and two checking accounts for grants.

Utilizing multiple checking accounts creates confusion and inaccuracies within the Commission's accounting system, and is unnecessarily time-consuming. For example, when paying an invoice relating to two separate activities, the Commission pays the invoice from the general operations checking account. However, the Commission does not transfer money from one checking account to another, in order to properly record the expenditures against the second activity. Other areas where the Commission can make improvements are explained below.

1. The Commission withdrew about \$40 from a bank account to purchase office supplies. However, it was unable to supply documentation to support the purchases or to verify approval of the purchases by the Commissioners.
2. The Commission recorded staff budgeted and actual travel expenditures as \$0 on one budget report, and as \$450 and \$560, respectively, on another budget report.
3. The Commission issues some checks with only one Commission officer's signature instead of two signatures, as required by Idaho Code, Section 22-2919.

We recommend that the Commission eliminate all but one checking account, use the accounting system to account for activities, and make other needed accounting and internal control improvements.

PRIOR FINDINGS AND RECOMMENDATIONS. There were no findings and recommendations in the prior report.

AGENCY RESPONSE. The Commission has reviewed the report and is in general agreement with its contents. The Commission's complete response can be found in the Findings and Recommendations section of this report.

FINANCIAL SUMMARY. The Commission is primarily funded by a 12¢-per-hundred weight tax on beans sold through primary trade channels in Idaho.

IDAHO BEAN COMMISSION – FINANCIAL STATEMENTS

Balance Sheet

	<u>June 30, 2004</u>	<u>June 30, 2005</u>
ASSETS		
Cash and Investments	\$165,807	\$216,042
Receivables	<u>27,415</u>	<u>25,381</u>
Total Assets	<u><u>\$193,222</u></u>	<u><u>\$241,423</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$205	\$250
Payroll and Benefits Payable	1,733	1,708
Unearned Grant Revenue	<u>6,232</u>	<u>2,349</u>
Total Liabilities	\$8,170	\$4,307
Fund Balance:		
Unreserved Fund Balance	<u>185,052</u>	<u>237,116</u>
Total Liabilities and Fund Balance	<u><u>\$193,222</u></u>	<u><u>\$241,423</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances

	<u>Year Ended June 30, 2004</u>	<u>Year Ended June 30, 2005</u>
REVENUES		
Bean Tax Assessments	\$188,951	\$211,458
Interest Income	2,992	3,811
Miscellaneous Income	2,580	2,315
Grant Revenue	<u>23,478</u>	<u>35,166</u>
Total Revenues	<u><u>\$218,001</u></u>	<u><u>\$252,750</u></u>
EXPENDITURES		
Administration	\$97,253	\$75,693
Research	44,999	50,000
Market and Promotion	47,428	39,827
Grant Expenditures (Promotion)	<u>23,478</u>	<u>35,166</u>
Total Expenditures	<u><u>\$213,158</u></u>	<u><u>\$200,686</u></u>
Excess (Deficiency) of Revenues Over Expenditures –		
Net Change in Fund Balance	\$4,843	\$52,064
Beginning Fund Balance	<u>180,209</u>	<u>185,052</u>
Ending Fund Balance	<u><u>\$185,052</u></u>	<u><u>\$237,116</u></u>

OTHER ISSUES. In addition to the findings and recommendations, we discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Idaho Bean Commission and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the administrator, Diana Caldwell, and her staff.

QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Supervisor, Legislative Audits

Thomas Haddock, CPA, CGFM, Managing Auditor

Report OP40205

<p>For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.</p>
